

Nahid Aslanbeigui and Guy Oakes, *Arthur Cecil Pigou*, Great Thinkers of Economics Series (Basingstoke: Palgrave Macmillan, 2015), pp. 309, \$120 (hardcover). ISBN: 978-0-230-25271-4.

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Despite his extensive scientific output, encompassing several books and more than 100 articles, besides his participation in many committees on key economic issues in Britain, there had not been any systematic attempt at assessing Arthur C. Pigou's contribution as a whole to economics. This lacuna in the literature on the work of one of the most distinguished economists of the twentieth century begins to be filled now by Nahid Aslanbeigui and Guy Oakes's just released book, *Arthur Cecil Pigou*, for the series Great Thinkers in Economics.¹ The authors are notorious scholars in the history of economic thought, particularly in Pigou's economics, and have put together an outstanding piece of historical investigation and analytical inquiry. That was not an easy task by any means, as pointed out in the introductory chapter, in the light of the scope of Pigou's published works and the paucity of his personal notes and letters. Notwithstanding that, the book covers the development of Pigou's theory of economic policy by means of an intellectual biography that revisits, in this journey, the challenges to Pigou's research program posed by a number of famous contenders such as Piero Sraffa, Lionel Robbins, and John M. Keynes.

The second chapter is mainly historic, going through Pigou's years as a student at Harrow and subsequently at King's College, under the influence of Alfred Marshall and Henry Sidgwick. The chapter is particularly interesting for its review of Pigou's election to replace Marshall in the chair of Political Economy at Cambridge. The authors demonstrate that the vote was actually unanimous by all nine electors, instead of evenly split between Simon H. Foxwell and Pigou, as previously assumed by some historians of economics. The key factor in play during the deliberations was Pigou's far greater potential to carry on Marshall's work on the Economic Tripos. Time proved Marshall's maneuvers in favor of Pigou fully justified, and a continued source of dispute is now definitely put to rest.

Chapter three examines initially the tariff controversy that ran from 1903 to 1905 in Britain, when Joseph Chamberlain and William Hewins advocated a system of preferential tariffs devised to make the empire a self-sustained unity. Pigou had an active role in the debate, countering that a protectionist policy would reduce real wages through higher prices for food, resulting therefore in an unfair redistribution of income. Aslanbeigui and Oakes ably reveal that Pigou managed to collect from his adversaries the main arguments that would soon be part of his lifelong research program: that is, the ideas that material wealth does not translate into a nation's well-being, and that the prosperity of the working people and the stability of their jobs were of the foremost importance to economic welfare. The authors go on to detail Pigou's famous welfare principles, based on the increase of the national dividend, income redistribution, and the stabilization of economic cycles. The whole chapter is a bit lengthy, though, surely

¹Another important step in this direction is given by Karen L. Knight's PhD thesis, entitled "A. C. Pigou and the Marshallian Thought Style," supervised by Michael McLure and successfully presented at the Business School of the University of Western Australia in 2015.

due to Pigou's notorious prolixity, which at times exasperated even his most staunch admirers.

In the fourth chapter, Aslanbeigui and Oakes point out that Pigou held a cumulative view of scientific progress, understood by him as a process where new advances are achieved on the basis of pre-existing knowledge. That is why he antagonized Keynes and his followers, especially for their scorn of the Marshallian heritage. Furthermore, the authors make clear that Pigou saw the design of economic policy as something to be dealt with on a case-by-case basis, weighing the specificity of each problem and its evolution over time. So, no universal theory of economic policy would be possible in Pigou's mind, another key aspect setting him apart from Keynes.

Chapter five discusses the challenges to the Marshallian theory of the firm formulated by Allyn Young, John Clapham, and Piero Sraffa. Sraffa's 1925 well-known article on the Marshallian theory of competitive equilibrium claimed that it did not take into account interdependencies among firms, as well as that constant returns were a far more common situation in business than accepted by Marshall. Pigou's replies to these allegations are carefully presented by Aslanbeigui and Oakes, specifying how he managed to develop a modern approach to the theory of costs, which survived the test of time. The addendum on Ronald Coase's views is highly effective in dismissing his unfounded portrayal of Pigou as a full-fledged interventionist.

Chapter six provides a minute evaluation of Lionel Robbins's position in his 1932 *An Essay on the Nature and Significance of Economic Science*. Pigou, in *Wealth and Welfare*, had assumed that intrapersonal comparisons of utility were not only possible, but also that this principle allowed a meaningful approach to the question of economic welfare. Robbins, on the contrary, would exclude this kind of subjective inference from the body of scientific economics, leaving it to the normative field of political economy. Aslanbeigui and Oakes put forward a compelling case that while Robbins examined the issue from a strict psychological approach, in line with his understanding of economics as a choice among scarce resources to reach alternative ends, Pigou addressed the idea of satisfaction from a cultural and historical standpoint. Income redistribution and more education, according to him, meant a higher living standard for the worse-off people, who would in this way reach a new plateau of opportunities and well-being.

Pigou's protracted conflict with Keynes and his followers at Cambridge is the main subject of the seventh chapter. It is enough to mention here that in the interwar period, Pigou's *Industrial Fluctuations* was his most articulate study of business cycles, pushing the available knowledge on the matter to its edge, and mixing up real, psychological, and monetary causes of the cycle with some basic statistical inferences on prices and employment. He was not so successful, though, in his *Theory of Unemployment*, which was marred by a complex theoretical structure and a defective mathematical formulation that Aslanbeigui and Oakes review in their broad lines. Keynes's onslaught on Pigou's theory of unemployment is also reconstructed, the main fact to be noted here being that although Pigou ended up partially conceding the innovative content of Keynes's theory to aggregate analysis, he never wavered on his belief that in the long run there would be strong forces pushing the economy toward a position of full employment.

The last chapter considers a variety of aspects in Pigou's private life, such as his loneliness in old age and death, his enthusiasm for mountaineering, his sexual orientation, his pacifism, and, lastly, his alleged reclusiveness. The authors maintain that

Pigou's late pessimism did not come from his war experience, but instead from the very place that always played a key role in his life, Cambridge University, due to the outright indoctrination of students in Keynesian theory there: "In Marshall's grand vision, the Economic Tripod would send these graduates into the world with well-honed analytical tools and high moral standards. Because of the civil wars of the Keynesian revolution at Cambridge, Pigou was unable to sustain his early confidence that this vision would be realized" (p. 267).

The book ends on a high note, beautifully comparing Pigou's academic career with Voltaire's famous personage *Candide*, who started life as an optimist and, after many adventures, ended up in a small community feeling sorry and sad. That, according to Aslanbeigui and Oakes, was Pigou's fate, due to his deception with events at Cambridge and the economic policy of the 1930s in Britain, notably the abandonment of the gold standard and the reintroduction of protective tariffs by Neville Chamberlin. "Yet, like *Candide*," write Aslanbeigui and Oakes, "he [Pigou] continued to cultivate his garden, at the same time offering a dismal judgement on the place of economics in history" (p. 271).

Arthur Cecil Pigou comes in due time, becoming from now on a binding reference for studies on the origins of welfare economics, the interwar economic policy in Britain, and on Cambridge political economy in the twentieth century. Two limitations of the book, however, as hard as it is to point them out in this review, may be indicated in passing. First, the dilemma between the Marshallian partial equilibrium approach and the necessity of dealing with interdependencies in economics, the source of many of Pigou's theoretical troubles, should have deserved a few more words by the authors, given Marshall's skepticism toward the general equilibrium theory, at least in its mathematical form, as conceived by M.-E. Léon Walras and Vilfredo Pareto at Lausanne. Finally, whatever the reasons for Pigou's reclusiveness, this trait of his personality kept him away from the main advances in analytical tools within the economists' scientific community. His raw statistical methods and the difficulties with mathematics, pervaded by a very personal rhetoric and a notation often hard to figure out by his readers, contributed in no minor degree to his isolation after the Keynesian revolution. Those, however, are side comments that do not obfuscate the brilliance of Aslanbeigui and Oakes's achievement in delivering to the public this splendid book on Pigou, certainly a must-read for economists in general and historians of economic thought in particular.

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Daniel Aronoff, *A Theory of Accumulation and Secular Stagnation: A Malthusian Approach to Understanding a Contemporary Malaise* (Basingstoke: Palgrave Macmillan, 2016), pp. viii + 144, \$67.50 (hardcover). ISBN: 978-1-137-562290-3.

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A crucial issue in Daniel Aronoff's book is the 'accumulation' that the author defines as an act of saving by someone who does not intend to spend the savings in the future. Such a person or entity is an "accumulator," a person who does not obey the